

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 432 - HB 967

March 2, 2019

SUMMARY OF BILL: Authorizes an operator of a crematory that has completed the cremation of human remains without charge to submit a sworn affidavit to the Department of Health (DOH) and receive a refund of the required permit fee.

ESTIMATED FISCAL IMPACT:

On February 27, 2019, a fiscal note was issued estimating a fiscal impact as follows:

Decrease Local Revenue - \$3,500

And an estimated impact to commerce of:

Decrease Business Expenditures – Exceeds \$3,500

The Department of Health has provided updated information for cremation permit fee reimbursements; given this information, the estimated impact has been corrected as follows:

(CORRECTED)

Decrease State Revenue – \$3,500/Department of Health

Corrected Assumptions:

- Pursuant to Tenn. Code Ann. § 62-5-504, an operator of a crematory may not allow the cremation of a dead human body until the operator has received a permit to authorize such cremation. The proposed legislation authorizes the operator to request a refund of the required fee, after the cremation is completed, if certain circumstances apply.
- According to the Department of Health, 13,345 cremation permits were issued by 89 Rural County Health Departments in FY17-18 at \$25 per permit. County Health Departments issue the permit, and subsequently send the fee revenue to the State Health Department. The six Metro Health Departments are independent and not subject to this legislation.
- Based on information provided by the National Funeral Directors Association, the average projected growth rate of cremations through 2035 is 2.97 percent annually.

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- The estimated number of rural cremation permits issued by rural county health departments in FY19-20 is estimated to be 14,149 $[13,345 \times 1.0297 \text{ (for FY18-19)} \times 1.0297 \text{ (for FY19-20)}]$.
- It can reasonably be assumed that the primary reason an operator of a crematory would not charge for cremation services is that the deceased or their family is indigent.
- The proposed legislation does not regulate a screening process for an operator of a crematory to determine if the deceased or their family is indigent; it can reasonably be assumed that one percent of total annual rural cremations would qualify for a permit refund. This will essentially reduce the extent of permit fee revenue received by the State Department of Health.
- The recurring decrease in permit fee revenue to the State Department of Health is estimated to exceed \$3,537 $[(14,149 \text{ permits} \times 1\% \text{ of the population}) \times \$25 \text{ permit fee}]$.

IMPACT TO COMMERCE:

Decrease Business Expenditures – Exceeds \$3,500

Assumptions:

- It is estimated that any operator of a rural crematory that completes a cremation without charge will submit an affidavit to the local health departments to receive a refund of the permit fee essentially eliminating the permit fee expenditure for the business.
- The recurring decrease in business expenditures is estimated to exceed \$3,537.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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